



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms
Washington, D. C. 20226

Number: 86-4

Date: January 21, 1986

GAUGING IMPORTED SPIRITS

Importers of Distilled Spirits and Others Concerned:

Purpose. The purpose of this circular is to advise you that the U.S. Customs Service and the Bureau of Alcohol, Tobacco and Firearms have agreed upon a revised PROCEDURE FOR CONVERTING LITERS OF ABSOLUTE ALCOHOL CONTAINED IN IMPORTED DISTILLED SPIRITS TO U.S. PROOF GALLONS.

Effective Date. The procedures given in this circular are EFFECTIVE IMMEDIATELY.

Background. Some time ago, a problem arose involving the tax assessment on distilled spirits crossing the U.S./Canadian border into the U.S. It involved apparent overreporting to Revenue Canada by the distiller of bulk gauge spirits exported to the U.S. Specifically, U.S. Customs reported on Form B 60 to Revenue Canada a smaller amount of spirits imported into the U.S. than Canadian records showed as exported. The difference was assumed not to have been exported and the additional tax was assessed to the Canadian distiller by Revenue Canada. This was resolved with the derivation of a conversion factor that correctly related Canadian proof to U.S. proof.

This, however, created another problem because distilled spirits bottled in Canada for export to the United States (1) must be bottled to U.S. standards of fill, which is based on 60 degrees Fahrenheit (15.56°C) rather than 20 degrees Centigrade (the Canadian standard) and (2) are bottled and reported at various proofs rather than a single proof (200°) as for bulk liters of absolute spirits. Therefore, if the conversion factor were used in conjunction with ATF Form 5100.10 for liters per case, U.S. gallons per case, etc., errors would result.

To avoid all errors, the U.S. Customs Service in agreement with the Bureau of Alcohol, Tobacco and Firearms, has directed all Regional Commissioners, District, Area and Port Directors of Customs to immediately begin using the procedures described in this circular.

Procedure. The following computation will be used by all U.S. Customs Service personnel to convert quantities, WHETHER BULK OR BOTTLED, of distilled spirits expressed as Liters of Absolute Alcohol at 20° Centigrade to quantities of distilled spirits expressed as U.S. Proof Gallons:

1.

Number of Liters of Absolute Alcohol at 20° C	X	0.52589	=	Number of U.S. Proof Gallons
---	---	---------	---	---------------------------------

The result should be rounded to five significant decimal figures.

Shipments of distilled spirits from Canada will always have the total number of liters of Absolute Alcohol at 20° C stated on Form B 60 in the column headed "Quantity/Quantite".

(more)

Only when some of the cases of distilled spirits shown on receiving documents are withdrawn from a Customs Bonded Warehouse should the number of U.S. Proof Gallons of spirits withdrawn be computed as follows:

2.

U.S. Proof Gallons of Alcohol Calculated From	X	Cases Removed Case Total from	=	U.S. Proof Gallons of Alcohol Removed
Form B 60 (see 1. above)		Form B 60		

UNDER NO CIRCUMSTANCES SHOULD THE VOLUME OR PERCENT ALCOHOL ON THE BOTTLES OR CASES BE USED FOR THESE CALCULATIONS.

INFORMATION FROM ATF Form 5100.10 - LITERS PER CASE, U.S. GALLONS PER CASE, etc., SHOULD NO LONGER BE USED FOR THE ABOVE CALCULATIONS. FOR OTHER PURPOSES, E.G. INVENTORY, etc., ATF Form 5100.10 MAY STILL BE USED.

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to the Associate Director (Compliance Operations), Bureau of Alcohol, Tobacco and Firearms, 1200 Pennsylvania Avenue, NW, Washington, DC 20226.

Stephen E. Higgins
Director

Department of the Treasury
Bureau of Alcohol, Tobacco and Firearms
Distribution Services
P.O. Box 14188
Washington, D.C., 20044

Official Business
Penalty for Private Use, \$300

Postage and Fees Paid
Department of the Treasury
Treas 564

